

Canadian Arts Presenting Association

Financial Statements
March 31, 2023



Member of The AC Group of Independent Accounting Firms

November 4, 2023

Independent Auditor's Report

To the Board of Directors of Canadian Arts Presenting Association

Opinion

We have audited the accompanying financial statements of Canadian Arts Presenting Association, which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Arts Presenting Association as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Canadian Arts Presenting Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements for Canadian Arts Presenting Association for the year ended March 31, 2022 were audited by another auditor who express an unqualified opinion on those financial statements on December 7, 2022.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Canadian Arts Presenting Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Canadian Arts Presenting Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Canadian Arts Presenting Association's financial reporting process.



Member of The AC Group of Independent Accounting Firms

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Canadian Arts Presenting Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Canadian Arts Presenting Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Canadian Arts Presenting Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Arsenault Best Cameron Ellis

Chartered Professional Accountants

Canadian Arts Presenting Association

Statement of Financial Position

As at March 31, 2023

	2023	2022
	\$	\$
Assets (note 3)		
Current assets		
Cash	83,424	295,192
Short-term investments	200,000	-
Accounts receivable (note 4)	460,278	217,345
HST receivable	39,653	37,803
	<u>783,355</u>	<u>550,340</u>
Capital assets (note 5)	2,045	1,066
	<u>785,400</u>	<u>551,406</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	97,237	36,541
Employee deductions payable	11,768	10,235
Current portion of long-term debt (note 7)	40,000	-
Deferred revenue (note 6)	326,955	117,570
	<u>475,960</u>	<u>164,346</u>
Long-term debt (note 7)	-	40,000
	<u>475,960</u>	<u>204,346</u>
Net Assets		
Invested in capital assets	2,045	1,065
Unrestricted net assets	157,395	245,995
Internally restricted net assets	150,000	100,000
	<u>309,440</u>	<u>347,060</u>
	<u>785,400</u>	<u>551,406</u>

Approved by the Board of Directors



Director



Director

Canadian Arts Presenting Association

Statement of Changes in Net Assets

For the year ended March 31, 2023

	Invested in capital assets \$	Unrestricted \$	Internally Restricted \$	2023 \$	2022 \$
Balance - Beginning of year	1,065	245,995	100,000	347,060	251,554
Excess revenue (expenses) for the year	(520)	(37,100)	-	(37,620)	95,506
Transfer between funds (note 9)	-	(50,000)	50,000	-	-
Transfer from (to) capital assets	1,500	(1,500)	-	-	-
Balance - End of year	2,045	157,395	150,000	309,440	347,060

Canadian Arts Presenting Association

Statement of Operations

For the year ended March 31, 2023

	2023 \$	2022 \$
Revenue		
Canadian Heritage	255,000	200,000
Government assistance (note 8)	17,329	123,387
Membership revenue	74,590	39,777
Ontario Arts Council	24,876	24,876
Other income	172	-
Project revenue (Schedule 1)	1,154,359	987,637
	<u>1,526,326</u>	<u>1,375,677</u>
Expenses		
Advertising	4,339	1,756
Advocacy	-	1,000
Board strategic planning	34,472	-
Insurance	5,212	2,394
Interest and bank charges	1,938	2,374
Office supplies	3,710	4,707
Professional fees	26,756	25,530
Professional development	499	325
Staff travel	8,595	796
Subscriptions and memberships	3,758	707
Telephone	3,109	4,005
Translation	1,615	-
Wages and wage levies	227,474	243,504
Website	1,063	2,849
Amortization	520	412
Project expenses (Schedule 1)	1,240,886	989,812
	<u>1,563,946</u>	<u>1,280,171</u>
Excess revenue (expenses) for the year	<u>(37,620)</u>	<u>95,506</u>

Canadian Arts Presenting Association

Statement of Cash Flows

For the year ended March 31, 2023

	2023 \$	2022 \$
Cash provided by (used in)		
Operating activities		
Excess revenue (expenses) for the year	(37,620)	95,506
Item not affecting cash		
Amortization	520	412
	(37,100)	95,918
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	(242,933)	54,276
Decrease in HST receivable	(1,850)	(9,547)
Increase (decrease) in accounts payable and accrued liabilities	60,696	(28,500)
Increase in employee deductions payable	1,533	2,537
Increase in deferred revenue	209,385	117,570
	(10,269)	232,254
Investing activities		
Purchase of capital assets	(1,499)	-
Purchase of short-term investments	(200,000)	-
	(201,499)	-
Increase (decrease) in cash	(211,768)	232,254
Cash - Beginning of year	295,192	62,938
Cash - End of year	83,424	295,192

Canadian Arts Presenting Association

Notes to Financial Statements

March 31, 2023

1 Nature of operations

Canadian Arts Presenting Association (the Association) is incorporated under the Canada Not-for-profit Corporations Act for the purpose of heightening the profile and awareness of the field of presenting performing arts in Canada in addition to providing support to its' members. The Association is a registered Canadian charity and is not subject to income taxes.

2 Summary of significant accounting policies

Basis of accounting

The Association's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and are applied on a consistent basis with that of the preceding year.

Cash

Cash includes cash on hand and balances with banks. Bank borrowings are considered to be financing activities.

Capital assets

Capital assets are accounted for at cost less accumulated amortization. Amortization is calculated using the declining balance method over their estimated useful lives at the following annual rates:

	Rate %
Equipment	20
Computer equipment	30

In the year of acquisition, amortization is recorded at one-half of the normal annual rate; no amortization is recorded in the year of disposal.

Capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset is in excess of the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Deferred revenue

Deferred revenue represents unspent proceeds received from various government contracts. The funds are recognized as revenue in the period in which the related expenditures are incurred.

Canadian Arts Presenting Association

Notes to Financial Statements

March 31, 2023

Government assistance

Government assistance related to operating expenses is recorded as revenue as the related expenses are incurred.

Wage subsidy

The Association applied for and received funding from the Federal government under the Canada Emergency Wage Subsidy Program (“CEWS”). Under the CEWS program, the Association is entitled to receive a wage subsidy based on revenue declines, up to a set amount per employee. During the year ended March 31, 2023, the Association recognized payroll subsidies under the CEWS program totaling \$12,803 (2022 - \$123,387). These subsidies were recognized as government assistance.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Conference revenue is recognized in the period in which the conferences are held and expenses are incurred.

Other program revenues and grants are recognized when the amounts to be received can be reasonably estimated and collection is reasonably assured.

Fund accounting

The Association follows the deferral method of accounting for contributions. The Unrestricted Fund accounts for the Association’s operations and administrative activities. This fund reports unrestricted resources.

The Internally Restricted fund accounts for assets restricted by the Board of Directors for future use.

Contributions in kind

Contributions in kind, of goods and services, are recognized only when a fair value can be reasonably estimated and when the goods and services are used in the normal course of the Association’s operations.

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable and the estimated useful life of capital assets. Actual results could differ from those estimates.

Canadian Arts Presenting Association

Notes to Financial Statements

March 31, 2023

Financial instruments

(a) Measurement of financial instruments

Canadian Arts Presenting Association's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities, employee deductions payable and long-term debt.

The Association initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. This fair value amount is then deemed to be the amortized cost of the financial instrument.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

(b) Impairment

For financial assets measured at cost or amortized cost, the Association determines whether there are indications of possible impairment. When there is an indication of impairment, and the Association determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess expenses. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess expenses.

(c) Risks

Transacting in financial instruments exposes the Association to certain financial risks and uncertainties. These risks include:

- i) Interest rate risk: The Association is exposed to interest rate risk due to the variable rate interest on their bank advances. Changes in the bank lending rates can cause fluctuations in cash flows and interest expense. The Association does not use any derivatives to manage this risk.
- ii) Credit risk: The Association is exposed to credit risk in connection with the collection of its accounts receivable. The Association mitigates this risk by performing continuous evaluation of its accounts receivables.
- iii) Liquidity risk: The Association's exposure to liquidity risk is dependent on the collection of accounts receivable or raising of funds to meet commitments and sustain operations. The Association controls liquidity risk by management of working capital, cash flows and availability of borrowing facilities.

Canadian Arts Presenting Association

Notes to Financial Statements

March 31, 2023

3 Bank indebtedness

The Association has an operating line of credit that allows for advances up to \$25,000. Interest is charged at prime plus 2.85%. Prime as at March 31, 2023 is 6.70% (2022 - 2.70%). The assets of the Association have been pledged as security for the advance. The unused balance as at March 31, 2023 is \$25,000 (2022 - \$25,000).

4 Accounts receivable

	2023	2022
	\$	\$
Government	334,420	124,965
Membership and other	125,858	92,380
	<u>460,278</u>	<u>217,345</u>

5 Capital assets

	2023		2022	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Computer equipment	13,227	11,382	1,845	816
Equipment	1,142	942	200	250
	<u>14,369</u>	<u>12,324</u>	<u>2,045</u>	<u>1,066</u>

Canadian Arts Presenting Association

Notes to Financial Statements

March 31, 2023

6 Deferred revenue

Deferred revenue includes amounts for specific projects and purpose for expenditures that will be incurred in future periods.

	2023	2022
	\$	\$
Balance - beginning of year	117,570	-
Amount received during the year	394,230	124,800
Amount recognized during the year	(184,845)	(7,230)
	<u>326,955</u>	<u>117,570</u>

Consists of:

	2023	2022
	\$	\$
Canada Council for the Arts	294,400	-
Department of Canadian Heritage	31,025	90,000
Association Des Theatres Francophone Du Canada	1,530	-
Wikimedia Foundation Inc.	-	27,570
	<u>326,955</u>	<u>117,570</u>

7 Long-term debt

	2023	2022
	\$	\$
0% loan, due in full January 2024, after such time the loan will automatically be converted to a 5% term loan, due December 31, 2025, with interest payments due monthly, unsecured	40,000	40,000
Less: Current portion of long-term debt	<u>40,000</u>	<u>-</u>
	<u>-</u>	<u>40,000</u>

Canadian Arts Presenting Association

Notes to Financial Statements

March 31, 2023

8 Government assistance

	2023	2022
	\$	\$
Government assistance		
- Canadian Emergency Wage Subsidy	12,803	123,387
Government assistance		
- Canada Summer Jobs	4,526	-
	<hr/>	<hr/>
	17,329	123,387
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9 Internally restricted fund

The internally restricted reserve has a total balance of \$150,000. These internally restricted amounts are not available for purposes without approval of the board of directors.

10 In-kind transactions and services

During the year, the Association incurred costs of \$71,550 (2022 - \$82,520) for digital marketing services. These expenditures were paid by a third party on behalf of the Association, and therefore have been included as in-kind service revenue with the Linked Digital Initiative (Schedule 1) as private sector contributions.

11 Economic dependence

Canadian Arts Presenting Association receives funding from government. Because the organization's main source of income is derived from government funding, its ability to continue viable operations is dependent upon maintaining these funding sources from government.

12 Comparative figures

Certain comparative figures presented for the 2022 fiscal year have been restated to conform with the financial statement presentation adopted in the current year.

Canadian Arts Presenting Association

Schedule of Project Revenue and Expenses

For the year ended March 31, 2023

Schedule 1

	Linked Digital Future Initiative \$	Presenters Capacity Building Program \$	Cultural Mission \$	Conference \$	Other \$	Total \$
Revenue						
Federal government contributions	636,000	-	159,895	-	-	795,895
Federal government - Wage subsidy	4,840	-	-	-	-	4,840
Other contributions	-	69,433	-	-	-	69,433
Fees and others	29,225	-	13,250	-	11,391	53,866
In-kind (note 10)	71,550	-	-	-	-	71,550
Professional development	-	-	-	-	158,775	158,775
	<u>741,615</u>	<u>69,433</u>	<u>173,145</u>	<u>-</u>	<u>170,166</u>	<u>1,154,359</u>
Expenses						
Advertising and marketing	5,085	-	-	-	-	5,085
Equipment/software	1,806	-	-	-	-	1,806
In-kind (note 10)	71,550	-	-	-	-	71,550
Meetings and events	2,049	-	-	-	1,736	3,785
Miscellaneous	-	-	-	299	854	1,153
Office	207	-	-	-	30	237
Professional development	-	69,300	-	-	123,087	192,387
Professional fees	589,206	-	55,020	-	-	644,226
Salaries/fees/benefits	66,167	-	-	-	-	66,167
Technical fees	-	-	-	-	3,250	3,250
Trade mission	-	-	214,595	-	-	214,595
Translation	5,895	-	7,602	-	-	13,497
Travel	7,044	-	-	-	16,104	23,148
	<u>749,009</u>	<u>69,300</u>	<u>277,217</u>	<u>299</u>	<u>145,061</u>	<u>1,240,886</u>
	<u>(7,394)</u>	<u>133</u>	<u>(104,072)</u>	<u>(299)</u>	<u>25,105</u>	<u>(86,527)</u>